

# Invast Financial Services Pty Ltd

Supplementary Product  
Disclosure Statement  
(SPDS)

**Date: 08 December 2014**

**AFSL No 438 283**

**ABN 48 162 400 035**

The logo consists of a solid orange circle containing the word "INVAST" in a bold, white, sans-serif font. Below "INVAST", the word "GLOBAL" is written in a smaller, white, sans-serif font.

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This is a Supplementary Product Disclosure Statement ("SPDS") for the Product Disclosure Statement dated 18 July 2013 ("Original PDS"), issued by Invast Financial Services Pty Ltd ("Invast") ABN 48 162 400 035 AFS Licence 438283.

This SPDS must be read together with the Original PDS, available from our website [www.invast.com.au](http://www.invast.com.au).

### **Update of Information**

Information in this SPDS may be updated from time to time where that information is not materially adverse to customers. Additional SPDS may be issued as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding as a retail client whether to open an account with, or acquire a financial product from, Invast.

### **Foreign Jurisdictions**

The distribution of this SPDS in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Failure to comply with any relevant legislation may violate those laws. This SPDS does not constitute an offer or invitation in relation to a financial product in any place in which, or

to any person whom, it would not be lawful to make such an offer or invitation.

### **Direct Market Access (DMA) CFDs**

Invast now offers a Direct Market Access (DMA) CFD product, which allows investors to trade CFDs over securities that are listed on Australian and international stock and futures exchanges.

### **What does a Direct Market Access (DMA) model for CFDs mean?**

In a DMA model, investors are able to interact with the order book on the Relevant Exchange.

Orders placed by you to buy or sell a DMA CFD result in a corresponding order being placed into the market to buy or sell the Reference Security so that Invast is able to hedge its market risk. Your order will be filled when the order for the Reference Security is filled, and at the same price. Invast has certain discretions as to if and when it will accept an Order. Without limiting this discretion, Invast may elect not to fill an Order in circumstances where it is unable to hedge its exposure to you - for instance, if the corresponding order on the Relevant Exchange has not been filled.

### **Benefits of a DMA model**

- Transparency and accountability of pricing – DMA CFD prices mirror the price of the underlying asset on the Relevant Exchange;
- DMA CFD Orders placed for a Reference Security generally result in a corresponding order being placed on the Relevant Exchange;
- Transparency and accountability of execution - clients can see their orders reflected in the order book of the Relevant Exchange, giving firm indication as to whether or not an Order should have been filled; when the corresponding order on the Relevant Exchange is filled, the Order is filled at the identical price;
- Orders are handled directly by the originator giving them more control over the execution;
- DMA CFD clients are effectively interacting with physical stock traders in the same order book.

### **Hedging Arrangements**

When Invast enters into a DMA CFD with you, Invast may in turn hedge its exposure to you with a third party selected by Invast (Hedge Counterparty). A transaction entered into by Invast with a Hedge Counterparty is referred to as a Hedge Position.

### **Market Trading Periods**

Normal trading is dependent on the Relevant Exchange and will depend on the Reference Security of the CFD. For example, normal trading on the ASX generally occurs between the hours of 10am and 4pm on Business Days. Where you place a DMA CFD Order outside these market hours, your Order is unlikely to be filled by Invast until normal trading commences and Invast is able to obtain a Hedge Position.

As Invast also offers DMA CFDs on securities that are traded on overseas exchanges, different trading hours will apply and you are strongly advised to check the respective trading hours on our website regularly.

### **Markets Offered**

Invast offers trading of DMA CFDs on securities that are listed on a number of domestic and international stock and futures exchanges. Invast may vary these markets from time to time without notice. Please refer to our website for details of such securities and the Relevant Exchange to which they relate.

### **General Risks applying to products offered:**

The following risks apply to all CFD products offered by Invast, more

information about these risks may be found from page 60 through to page 65 of the original PDS:

- Volatility risk
- Leverage risk
- Risk of fluctuations and resulting losses
- No guarantee of profit potential
- Risk of unprofitability
- Lack of registration, official approval or endorsement
- Limited protection
- Potential conflicts of interest
- Potential conflicts of interest with respect to counterparties
- External market trading risk
- Maintenance of trades and account positions
- Risk of illiquidity
- Day trading risks
- Technological risks
- Margin risk and
- Failure of Invest - counterparty risk.

#### **Risks specific to trading DMA CFDs**

In addition to the general risks mentioned above, trading in DMA CFDs creates specific risks. These are:

- **Trading halt risk:** there is a risk that an exchange may place a trading halt which could lead to an economic loss where you cannot exit a position but

may still be charged for the financing fees attached to trading and holding a position in that particular financial product;

- **Exchange risk:** this is the risk that the exchange through which your product has been cleared experiences technical or systemic failure resulting in you incurring a loss;
- **Regulatory risk:** trades made onto foreign exchanges will be regulated under foreign laws, and there is the risk that because of these laws or any supervening illegality you may incur a loss. The level of government regulation in a country in which a Reference Security is quoted may be less than the level of regulation which applies in Australia. This may lead to increased fluctuations in, and may adversely affect, the value of a Reference Security;
- **Local market taxes:** by entering into a CFD you may be affected by local market taxes such as withholding tax, stamp duty and other charges that may apply to the Reference Security. These taxes and charges will affect the payment that you are required to make, or are entitled to receive, in respect of a CFD. The applicability and amount of any local taxes may depend on a number of factors such as the

financial market in which the Relevant Exchange is located, the Relevant Exchange and the Reference Security itself. When Invast enters into a Hedge Position, Invast may be subject to local taxes and charges, including withholding tax, in respect of that Hedge Position. Invast may pass on any such charges and taxes and reserves the right to add a mark-up in lieu of an administration fee for processing these charges. In relation to withholding taxes, you should note that in certain circumstances you may be required to pay Invast up to 100% of applicable withholding taxes that Invast is required to pay in respect of any Hedge Position;

- **Settlement Failure:** Trades in Reference Securities on the Relevant Exchange may fail. This occurs where, for example, a person does not receive the shares they purchased (or their sale proceeds) as the vendor (or purchaser) does not meet their obligations. To meet its obligations to you for CFD trades, Invast may hedge its risk by entering into a Hedge Position in the Reference Securities. If it does so, Invast will rely on its Hedge Counterparties settling their trades to settle your CFD trade. Where these Hedge Counterparties fail to meet their

obligations however, this risk will be borne by you. For example, if Invast accepted your Order to buy CFDs in respect of 100 Reference Securities, Invast may place an equivalent order on the Relevant Exchange to buy 100 Reference Securities, Invast may cancel the acceptance of your Order, or retrospectively change the date on which the Order was deemed to have been accepted. In this respect, your CFD trading mimics the settlement risk of the equivalent Reference Securities trading in the market;

- **No Exchange Guarantee:** While DMA CFDs allow you to gain exposure to listed Reference Securities, they are not associated with the ASX or any other licenced market and do not enjoy the protections available to trades made on those markets, such as the National Guarantee Fund; and
- **No Entitlement to Underlying Asset:** Even though your Order may result in a corresponding order in the Reference Security on the Relevant Exchange, it does not mean that you will own or will be entitled to the underlying asset.

## **Fees and Charges**

### **Platform and Exchange data Fees**

When trading in DMA CFDs, Invast is permitted to deduct any charges incurred by it in trading by the DMA method. There is a platform fee which will not normally exceed AUD 100 per month which may be waived or varied by Invast in its absolute discretion. Where the transaction occurs on a Relevant Exchange, you may be charged an exchange levy for accessing the relevant market data. Customers will be charged market data fees for all markets to which they have subscribed.

### **Stock Borrowing Fee**

If you enter into a "short" CFD position you may also be charged a stock borrowing fee relating to the stock borrowing charges incurred by Invast in hedging its exposure to your CFD. Stock borrowing fees in respect of an underlying instrument or security quoted on a non-Australian stock exchange may be higher than fees which apply to Australian quoted instruments or securities. Stock borrowing fees are usually determined as a percentage of the value of the stock borrowed and will not generally exceed 1,000 basis points. The actual stock borrowing fee which will apply to a CFD and which you are required to pay to Invast may not be known until up to

10 local business days after you enter into the CFD.

### **Commission**

A commission may be charged and will vary depending on the exchange on which the Reference Security is quoted. Please see our website [www.invast.com.au/markets/dma-cfds/australia-dma-cfds.aspx](http://www.invast.com.au/markets/dma-cfds/australia-dma-cfds.aspx) for information relating to the commission applying to DMA CFDs associated with the various exchanges.

### **Funding Rates on Contract Value of long and short open positions**

The funding rate you must pay Invast in the event you hold

a long position is the applicable Invast Base Rate plus a maximum of 4.5% per annum of the Contract Value of such long position.

The funding rate Invast must pay you if you hold a short position overnight is the applicable Invast Base Rate less a maximum of 4.5% per annum of the Contract Value of such short position.

The applicable funding rate for open positions at the close of the relevant Local Business Day is calculated as the number of underlying instruments or securities to which a CFD applies multiplied by the

closing price multiplied by the applicable funding rate divided by the applicable day count fraction for the Relevant Currency.

Please note that fees and charges change frequently and some of the items are dictated by third parties. You may obtain the latest fee schedule by contacting one of our representatives.

### **Other DMA CFD Characteristics**

#### **Adjustments and Corporate Actions**

When a Relevant Security is affected by a corporate action (such as a special dividend, subdivision, consolidation, bonus issue of shares, or any analogous event which dilutes or concentrates the value of the underlying security) or if any other event occurs in respect of which Invast determines in its absolute discretion that an adjustment is appropriate, Invast has broad discretion to deal with your orders and CFD positions and may vary the terms of your Orders and CFDs. In such case, Invast shall determine the appropriate adjustment (if any) to the Contract Value of an underlying security which is affected by a corporate action or other adjustment event and/or to the related quantity of securities to which the CFD relates. Any determination Invast makes in relation to corporate actions is binding on you.

You should note that Invast may have regard to any adjustments to its Hedge Position in determining adjustments to the terms of your CFDs or Orders. Certain corporate actions or other adjustment events may not apply to Invast's Hedge Position, for example if a particular corporate action is only available to retail clients (Invast is not a retail client under its Hedge Position) or to investors who hold a particular amount of the relevant underlying security. Accordingly, as a general principle if a corporate action or other adjustment event occurs in respect of an underlying security to which your CFD relates, but Invast's Hedge Position is not adjusted, Invast will not adjust your CFD or order (for both long and short positions).

You should be aware that if Invast determines that it is not reasonably practicable in the circumstances to make an adjustment to the CFD, Invast may give you notice of its intention to close the CFD.

#### **Dividends/Distributions**

Holders of long CFD positions will receive from Invast the value of cash dividends or distributions (without franking credits) paid to holders of the underlying security based on the number of securities to which the CFD relates on close of business on the

Business Day immediately preceding the ex-dividend or distribution date. Holders of short CFD positions must pay to Invast a cash amount equal to the value of the dividend or distribution (plus, in some circumstances, the value of any franking credits applicable to that dividend or distribution) paid to the holders of the underlying security based on the number of securities to which the CFD relates on close of business on the Local Business Day immediately preceding the ex-dividend or distribution date.

#### **Imputation Credits on Dividends**

Where you hold a short CFD position in relation to an Australian based underlying security, Invast will seek on reasonable endeavour basis to borrow stock from an offshore lender who is not a resident of Australia for Australian tax purposes to facilitate the hedging of Invast's exposure to that short position. However, if offshore borrowing is unavailable and an Australian-based underlying security pays a franked dividend or a distribution which includes a franked dividend, the relevant dividend amount debited to your CFD account will include the value of any related franking credit, as well as the value of the cash dividend.

Corporate actions and dividends may have an impact on any positions that you

hold, or the total equity of your account, which may result in your account going into margin call, or even being closed out.

Depending on the CFD positions that you hold, the treatment of dividends, imputation credits and withholding tax may be different which may have an impact on your returns. For example, the amount you receive may be adjusted by an amount equivalent to withholding tax for transactions undertaken in certain jurisdictions in accordance with the applicable laws and regulations. It is your responsibility to check the requirements that apply to your position.

#### **Trading Halts, Suspensions and De-listings**

A Relevant Security may be suspended, delisted or subject to a trading halt on the Relevant Exchange in various circumstances. In these circumstances, Invast may, in its absolute discretion, cancel your Order in respect of a CFD transaction which has not yet been opened, or close any open CFD, where the Relevant Security is the subject of a trading halt or suspension or is delisted. If the CFD over a security which ceases to be quoted on the Relevant Exchange or is suspended from quotation for three consecutive Business Days on that exchange, or such lesser period agreed

between you and Invast, Invast may elect to close the CFD.

In any other circumstances where Invast is unable to maintain its Hedge Position in a Relevant Security, Invast may close any open CFD that you hold over that Relevant Security.

### **Stock Bans**

Invast may at any time determine, in its absolute discretion, that it will not permit the entry into CFDs over one or more underlying securities.

### **Voting Rights**

CFDs do not entitle you to any voting rights in connection with the underlying security.

### **Glossary**

**CFD** means a contract-for-difference offered by Invast;

**Contract Quantity** means the number of Reference Securities required as a Hedge Position for the CFD;

**Contract Security Price** means the current price of the Reference Security quoted on the Relevant Exchange or as otherwise determined by Invast;

**Contract Value** means the Contract Security Price multiplied by the Contract Quantity or in the case of futures the notional value of the contract.

**DMA** has the meaning set out under the heading “What does a Direct Market Access (DMA) model for CFDs mean?”

**Hedge Counterparty** has the meaning set out under the heading “Hedging Arrangements”;

**Hedge Position** has the meaning set out under the heading “Hedging Arrangements”;

**Invast Base Rate** the base rate specified or quoted on the Invast website;

**Local Business Day** means any day which is not subject to a public holiday or weekend, where the Relevant Exchange is operating;

**Order** is an instruction made by you to enter into or close out a CFD position;

**Relevant Currency** the currency denominated by the Relevant Exchange or in which the Reference Security is quoted;

**Relevant Exchange** means, in relation to a Reference Security, the financial market on which the Reference Security is quoted. If a Reference Security is quoted on more than one financial market, Invast will advise you of the relevant exchange for the purposes of the CFD, at the time the CFD is entered into;

**Reference Security** means the underlying reference instrument or security that forms the subject of the CFD;

**Trading Platform** the software provided to you by Invast to facilitate trading in financial products with Invast.

## Contact

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